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PP RUEHWEB

DE RUEHTV #2765 3451506
ZNR UUUUU ZZH
P 101506Z DEC 08 (CCY ADDED CAPTION AD09FBBB/MSI6336)
FM AMEMBASSY TEL AVIV
TO RUEHC/SECSTATE WASHDC PRIORITY 9544
INFO RUEHXK/ARAB ISRAELI COLLECTIVE
RUEAEPA/HQ EPA WASHDC
RHMFIS/DEPT OF ENERGY WASHINGTON DC

UNCLAS TEL AVIV 002765
SENSITIVE
SIPDIS

DEPT FOR NEA/RA, NEA/IPA, OES/SENV
EPA FOR INTERNATIONAL - Metcalfe
DOE FOR EERE
AMMAN for ESTH - Bhalla
C O R R E C T E D C O P Y (ADDED SENSITIVE CAPTION)
E.O. 12958: N/A
TAGS: SENV ENRG EINV IS
SUBJECT: ENERGY DG BERATES GOI TREASURY MYOPIA

¶11. (SBU) GOI Ministry of National Infrastructure (MNI) Director General Hezi Kugler scolded Israel's Finance Ministry for not including renewable energy in the fiscal stimulus plan it has announced. In a surprisingly glum statement to the 2008 Electricity Conference of the Union of Electrical Engineers, Kugler said on December 4 that the Treasury's lack of support was a death knell to the country's renewable energy plan. By excluding energy subsidies from the fiscal package planned to keep the Israeli economy from tipping into the recession that is pulling down the global economy, he said the Finance Ministry was being short-sighted and missing the big picture.

¶12. (SBU) Kugler's stand chiefly concerned the need for approval by the government of feed-in tariffs regarding alternative energy in Israel. These tariffs guarantee a higher rate of compensation to private electric power producers who feed in to the grid; a feed-in tariff of NIS 2.01 per kilowatt hour has been proposed by MNI, compared to NIS 0.48 which is the consumer-billed rate per KW Hour. This subsidy by the government is the stimulus for major Israeli solar and other alternative energy producers to start production at plants in the 50KW to 5 MW range. These companies are confident they can meet and exceed Israel's goal of drawing 20 percent of its energy from renewable sources by 2020. The GOI Finance Ministry, reported the Jerusalem Post, defended its action, claiming that good fiscal management demanded the government find positive contributions to the treasury, not new subsidies.

¶13. (SBU) In a separate conversation, Kugler told ESTOFF that the feed-in tariff rates still had to be approved by the public utility Boar, but he was confident that would be done soon. (Noe: a high feed-in tariff has already been approvd by the utility board for small-scale power supliers generating (less than 50KW), which include the few businesses and consumers who have independent generating capacity.) More critical is gaining parliamentary approval that Finance should fin the funds to cover the incentive cost for alterative energy suppliers. MNI believes this subsidy cost is merited on both energy security and environmental grounds. Privately, Kugler admits it is astounding that Israel is not using the technology that Israeli companies are already installing in California.

Cunningham